

Amends Sections 480.3 and 480.4 of the Revenue and Taxation Code to remove the specific detail of the Preliminary Change in Ownership Report from statute and instead authorize the Board to prescribe the form after consultation with the California Assessors' Association and interested parties.

Source: Honorable Betty T. Yee

Existing Law

Under existing property tax law (Article XIII A, Sec. 2; and Revenue and Taxation Code Sections 60 - 69.5), real property is reassessed to its current fair market value when there is a "change in ownership." Revenue and Taxation Code Section 480 requires that whenever there is a change in ownership of real property, the property owner must file a "Change in Ownership Statement" (COS). There is no penalty for failing to file the statement unless the assessor prompts the property owner to file the statement by making a written request. If requested, then the taxpayer has 45 days to file the COS or otherwise incur penalties as specified. The law specifies that the Board is to prescribe the form of the COS after consultation with the California Assessors' Association.

In actual practice, many taxpayers file a "Preliminary Change in Ownership Report" (PCOR) rather than a COS. The two forms are nearly identical. And, as noted below, if a PCOR is filed at the time a deed is recorded, an extra fee of \$20 is avoided. The COS and/or PCOR provide the assessor with information necessary to value the property for tax purposes, such as details about the purchase price and the terms of the sale. It also assists in determining whether the transfer of property might be eligible for one of the many change in ownership exclusions that would avoid the need to reassess the property. Both the COS and the PCOR are confidential documents pursuant to Section 481.

Section 480.3 requires the transferee of real property to complete and file a PCOR when any document effecting a change in ownership, such as a grant deed, is submitted to the county recorder for recordation. If a PCOR is not concurrently filed, the document may still be recorded, but an additional recording fee of \$20 is charged.

Section 480.4 provides that the PCOR will be substantially in a particular form, as detailed, and provides that the Board may only revise the form as necessary for purposes of maintaining statewide uniformity. Any other changes require legislation.

If a taxpayer does not file a PCOR, or files an incomplete PCOR, the assessor may subsequently request that the taxpayer file a COS pursuant to Section 480.

This Proposal

This proposal would amend Sections 480.3 and 480.4 to delete the specific content of the PCOR from the statute and instead provide that the Board prescribe the form, after consultation with the California Assessors' Association

and interested parties, consistent with the provisions for most other Board-prescribed forms. This provision is intended so that modifications and improvements to the PCOR can be made without the necessity of seeking a legislative change.

In a recent Board survey on change in ownership issues, a variety of improvements were proposed to make the PCOR more user-friendly. However, keeping the PCOR contents in statute makes it difficult to implement the suggested change because of the two different approaches necessary to make the PCOR and the COS consistent. To reiterate, the PCOR contents are embedded in statute while the COS is not, and is a form is prescribed by the Board. (See Section 480(c)).

Section 480.3 of the Revenue and Taxation Code is amended to read:

(a) Each county assessor and recorder shall make available, without charge and upon request, a form entitled "Preliminary Change of Ownership Report," which transferees of real property shall complete and may file with the recorder concurrent with the recordation of any document effecting a change in ownership. The form shall be signed by the transferee or an officer of the transferee certifying that the information provided on the form is, to the best of his or her knowledge and belief true, correct, and complete. ~~and~~ The form shall not be signed by an agent acting for a transferee.

(b) If a document evidencing a change in ownership is presented to the recorder for recordation without the concurrent filing of a preliminary change in ownership report, the recorder may charge an additional recording fee of twenty dollars (\$20).

(c) Noncompliance with this section by the transferee shall not delay or preclude the recordation of documents if the additional fee specified in subdivision (b) is tendered.

(d) The authority to obtain information pursuant to this section is in addition to, and not in lieu of, any existing authority the assessor has under this article.

(e) In cases where the county tax collector files purchaser's deeds with respect to a sale for defaulted taxes, the information given to the assessor pursuant to Sections 3716 and 3811 shall be deemed to constitute compliance with this section.

(f) The filing of a preliminary change of ownership report or the payment of an additional recording fee shall not be required of any intermediate transferee of property, or of any trustee issuing a trustee's deed to the mortgagee or beneficiary of a mortgage or deed of trust, or his or her assignees, pursuant to the exercise of a power of sale contained in a deed of trust or mortgage pursuant to Chapter 2 (commencing with Section 2920) of Title 14 of Part 4 of Division 3 of the Civil Code. For

purposes of this subdivision, "intermediate transferee" means any transferee who is acting as both a transferee and the transferor of the same property as part of a series of simultaneous transfers which affect that property and who records the transfer documents and any other recorded documents related to the transfer in consecutive order at one time.

(g) Except as prescribed in subdivisions (e) and (f), this section shall apply to changes of ownership occurring on or after July 1, 1985.

Section 480.4 of the Revenue and Taxation Code is amended to read:

480.4. (a) The preliminary change of ownership report referred to in Section 480.3 shall ~~be in substantially the following form:~~ give information relative to the transfer. The information shall include, but not be limited to, a description of the property, the parties to the transaction, the date of acquisition, the amount, if any, of the consideration paid for the property, whether paid in money or otherwise, and the terms of the transaction. The preliminary change in ownership report shall not include any question that is not germane to the assessment function.

(b) The State Board of Equalization, after consultation with the California Assessors' Association and interested parties, shall prescribe the preliminary change of ownership report for the purpose of maintaining statewide uniformity in the contents of the report.

~~PRELIMINARY CHANGE OF OWNERSHIP REPORT~~

~~(To be completed by transferee (buyer) prior to transfer of subject property in accordance with Section 480.3 of the Revenue & Taxation Code.)~~

~~FOR RECORDER: Recorded Book , Page , Date Document No.~~

~~SELLER:~~

~~BUYER: FOR ASSESSOR'S~~

~~A.P. #(s): USE ONLY:~~

~~LEGAL DESCRIPTION:~~

~~ADDRESS (if improved):~~

~~MAIL TAX INFORMATION TO: Name: _____~~

~~Address: _____~~

~~NOTICE: A lien for property taxes applies to your property on January 1 of each year for the taxes owing in the following fiscal year, July 1 through June 30. One-half of these taxes is due November 1, and one-half is due February 1. The first installment becomes delinquent on December 10, and the second installment becomes delinquent on April 10. One tax bill is mailed before November 1 to the owner of record. If this transfer occurs after January 1 and on or before December 31, you may be responsible for the second installment of taxes due February 1. The property which you acquired may be subject to a supplemental tax assessment in an amount to be determined by the (name of county) County Assessor. For~~

~~further information on your supplemental roll tax obligation, please call the (name of county) County Assessor at (phone number).~~

~~1. Transfer Information: A. Was this transfer solely between husband & wife, addition of a spouse, death of a spouse, divorce settlement, etc.? a. () YES b. () NO~~

~~B. Was this transaction only a correction of the name(s) of the person(s) holding title to the property? a. () YES b. () NO~~

~~C. Was this document recorded to create, terminate, or reconvey a lender's interest in the property? a. () YES b. () NO~~

~~D. Was this document recorded to substitute a trustee under a deed of trust, mortgage, or other similar document? a. () YES b. () NO~~

~~E. Did this transfer result in the creation of a joint tenancy in which the seller (transferor) remains as one of the joint tenants? a. () YES b. () NO~~

~~F. Return of property to person who created the joint tenancy? a. () YES b. () NO~~

~~G. Is this transfer of property: a. to a trust for the benefit of the grantor? a. () YES b. () NO~~

~~b. to a revocable trust? a. () YES b. () NO c. to a trust from which the property reverts to the grantor within 12 years? a. () YES b. () NO~~

~~H. If this property is the subject of a lease, is the lease for a term of less than 35 years including written options? a. () YES b. () NO~~

~~I. If the conveying document constitutes an exclusion from a change in ownership as defined in Section 62 of the Revenue & Taxation Code for any reason other than those listed above, set forth the specific exclusions claimed:~~

~~* IF YOU HAVE ANSWERED "NO" TO QUESTIONS A THROUGH H, INCLUSIVE, AND HAVE NOT CLAIMED ANY OTHER EXCLUSIONS UNDER I, PLEASE COMPLETE BALANCE OF FORM. OTHERWISE SIGN AND DATE.~~

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~~2. Type of property transferred:~~

~~a. () Single-family residence~~

~~b. () Multiple-family residence (no. of units: _____)~~

~~c. () Co-op~~

~~d. () Condo~~

~~e. () Manufactured home~~

~~f. () Unimproved lot~~

~~g. () Commercial/Industrial~~

~~h. () Other (description: _____)~~

~~3. Intended as principal residence? a. () YES b. () NO~~

~~4. Transfer is by:~~

~~a. () Deed; b. () Contract of sale;~~

~~c. () Other—explain:~~

~~5. Is less than 100% of property being transferred? a. () YES b. () NO~~

~~6. a. () Date of transfer or; b. () If an inheritance,~~

date of death

7. Is or will, the property produce(ing) income? a. ☐ YES b. ☐ NO

8. If answer to Question 4 is yes, is income pursuant to:

a. ☐ Lease; b. ☐ Contract; c. ☐ Mineral rights;

d. ☐ Other—explain:

9. Did the transfer of this property involve the trade or exchange of other real property? a. ☐ YES b. ☐ NO

10. a. Total Purchase Price or Acquisition Price, If Exchanged: \$

b. Cash Downpayment or Value of Trade (excluding closing costs): \$

c. 1st Deed of Trust \$ at _____% interest for _____ years.

New Loan ☐; Assumed Existing Loan Balance ☐; FHA ☐; Cal-Vet ☐; VA ☐; Bank ☐; Finance Co. ☐; Savings & Loan ☐; Loan Carried By Seller ☐; All Inclusive ☐; Balloon Payment: Yes ☐ No ☐.

d. 2nd Deed of Trust \$ at _____% interest for _____ years.

New Loan ☐; Assumed Existing Loan Balance ☐; Loan Carried By Seller ☐; Balloon Payment: Yes ☐ No ☐.

e. Was other type of financing involved not covered in (c) or (d), above? a. ☐ YES b. ☐ NO

f. Improvement Bond: Yes ☐ No ☐; Outstanding Balance \$

11. Was any personal property involved in a. ☐ YES b. ☐ NO purchase other than a manufactured home c. AMOUNT real property?

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~~I certify that the foregoing is true, correct, and complete to the best of my knowledge and belief.~~

~~Signed _____ Date:~~

~~(New Owner/Corporate Officer)~~

~~Address if other than above~~

~~Phone No. Where You Are Available From 8:00 am–5:00 pm: ☐~~

~~(NOTE: The Assessor may contact you for further information.)~~

~~(b) The State Board of Equalization may revise the preliminary change of ownership report, as necessary, for the purpose of maintaining statewide uniformity in the contents of the report.~~

~~(c) This section shall become operative on July 1, 1991.~~